



eNAPUS Legislative & Political Bulletin

February 23, 2007

Volume 4, Number 5

Three Weeks to the
NAPUS Leadership
Conference



Sarbanes-Oxley and Postmasters

In April 2002, the USPS took a major step forward in restoring confidence in its financial reporting. The Congressionally-requested "Transformation Plan" laid out the agency's plans for the future, including enhanced transparency in financial reporting. Postal Headquarters has implemented and continues to apply particular business practices that would improve financial responsibility of the organization. Despite the increased workload and limited staff, Postmasters have dutifully implemented the changes at retail postal facilities.

What now mystifies Postmasters is that some individuals in Postal management assert that Public Law 109-435, the Postal Accountability and Enhancement Act, requires Postmasters to put into operation a new series of financial accounting and operational policies. Such an assertion is disingenuous. Regrettably, the claim appears to be based upon lingering resentment to employee and mailer support of postal reform legislation.

It is accurate to say that the USPS must now comply with the Sarbanes-Oxley Act of 2002 (SOX). The legislation was enacted in response to corporate scandals such as the Enron fiasco. SOX was crafted to improve corporate transparency and accountability. Four years ago, Congress – particularly Senator Daniel Akaka – called for increased USPS disclosure, in the wake of USPS financial reporting woes. For example, in 2000, the USPS initially reported a deficit of \$480 million, and then in just 3 months, the budget gap grew to an estimated \$2-3 billion. The following year the reported deficit tripled over a 6-month period. It is important to note these wide fluctuations were NOT due to Postmaster accounting – it was a Headquarters issue. Thankfully, over the past 7 years, the USPS' finances have stabilized and the accounting systems have improved. Nonetheless, SOX's explicit application to the USPS is the legacy of past financial concerns.

Postmasters should understand that while PL 109-435 applied SOX to the USPS, the USPS has already begun to put into place many, if not all, of its financial disclosure requirements. In fact, Postmaster General Potter reinforced this fact in a January 22, 2007 *USPS Newsbreak*.

SOX is not new to the Postal Service. Those of you have read the Transformation Plan know that the Postal Service committed to comply with SOX requirements that are applicable to a government entity. Therefore, the only change brought about by the new law is a specific timetable to implement this.

The USPS is not required to comply with SOX until 2010 – three years from now. In addition, the law does not mandate individual post offices to make any specific changes. Those changes come from the USPS. So, if your POOM, District Manager, or Area Vice President blames the new postal law for any accounting changes in your post office, point them to the *PMG's View*.

Postmasters Working State Capitols for Universal Mail Service

Postmasters around the country are spearheading efforts against the creation of Do Not Mail Registries. The creation of these lists and sanctions imposed on mailers who send material to listed individuals would depress mail volume and revenue. Currently, advertising mail constitutes over 50% of postal revenue. Consequently, our ability to maintain universal mail service would be placed in jeopardy if advertising volume was curtailed.

Environmental and pro-privacy groups are leading the efforts to enact the legislation. The environmental groups allege that unsolicited advertising mail fills the trash dump and results in deforestation. The groups ignore the fact that a large portion of advertising mail is printed on recycled paper, and after it's discarded, tends to end up in the recycle bin. The privacy groups contend that unsolicited financial advertising promote identity theft. However, the mail has not proven to be a major conduit for this crime.

NAPUS Postmasters have entered the fray on a number of fronts. First, the NAPUS Government Relations Department participates in a coalition of postal employee groups and mailers to coordinate education strategies to defeat the "do not mail" bills. Second, NAPUS Chapter Presidents and Legislative Chairs in select states have contacted members of their states' legislatures to oppose registry bills. Third, NAPUS Chapter officers are testifying before state panel to urge opposition to the measure. In fact, on Wednesday, Maryland Legislative Chair Mike Suder (Postmaster of Williamsport) is scheduled to testify against the pending legislation at the State Capitol, in Annapolis. Fourth, the Government Relations Department intends to dedicate time to this issue at the upcoming NAPUS Leadership Conference. In this way, Postmasters will be prepared to respond effectively to "do not mail" efforts in their state.

NAPUS Leadership Conference Set

Three weeks from now, 1,000 Postmasters will migrate to Washington and trek to Capitol Hill, to participate in the Leadership Conference. The Government Relation Department will make a significant contribution to the event. We intend to focus on three major issue areas during the event: Postal Oversight, Retirement Equity, and providing the USPS with its Medicare Part D rebate.

We will be hosting the following Members of Congress at our once-a-year Legislative Rally: House Majority Leader Steny Hoyer (D-MD), Senate Homeland Security and Governmental Affairs Committee Republican Susan Collins (R-ME) and Committee Member Mary Landrieu (D-LA), House Subcommittee on the Postal Service and the Federal Workforce Chairman Danny Davis (D-IL) and Ranking Member Kenny Marchant (R-TX), and House Appropriations Committee Member Debbie Wasserman-Schultz (D-FL).

In addition to a conference-wide interactive legislative seminar, NAPUS will be interviewing *Washington Post* Federal Diary Columnist Stephen Barr about his impressions of the legislative scene and the laborious march to postal reform. We will also be conducting a first ever joint discussion with the new chairman of the Postal Regulatory Commission, Dan Blair, and the newest member of the Board of Governors, Thurgood Marshall, Jr.

**National Association of
Postmasters of the U.S.**

**8 Hebert Street
Alexandria, VA 22305**

**Tel. 703-683-9027
Fax. 703-683-0923**

We are on the Web!

www.napus.org